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Massachusetts  
Industrial Finance  
Agency



1995 Annual Report

Financing Solutions ➤



## Bond Financing ➤



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In the following pages you will see how manufacturers, educational and cultural institutions, elder care providers and environmental facilities have benefited from MIFA financing. Using this table of contents as a guide, you can travel through the variety of financing mechanisms available to borrowers. Our commitment to service and flexibility allows us to assist a wide array of clients and projects. For an overview of all the projects financed this year, turn to pages 21 and 22.

Our goal, through bond financing and MIFA-backed loans and guarantees, is to help the diverse industries of the Commonwealth expand their facilities and work force. With an individualized approach to structuring financings that meet our borrowers' needs, we can assist them in maintaining their competitive position and continue to drive forward the Massachusetts economy.



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# Management Letter

## Dear Fellow Citizens:

We are pleased to report that the Massachusetts Industrial Finance Agency (MIFA) completed 65 transactions during fiscal year 1995 and provided Massachusetts businesses and non-profit organizations with an aggregate of over \$496 million in capital. Through our various financings, over 1,600 jobs are being created and retained across the Commonwealth. Virtually all areas of Massachusetts from large cities to small towns were covered.

### Expansion Trends in the Commonwealth

MIFA's broad mission, supported by its innovative staff, has enabled the Agency to play a significant role in the Commonwealth's continued economic recovery. During FY '95, MIFA served as the bond issuer for 17 manufacturing, 4 environmental, 11 long term care and 12 education projects. In addition, MIFA structured loans or guarantees for 13 companies and provided advisory services to 8 entities, matching their needs with other funding sources.

MIFA continues to place emphasis on working with smaller companies and non-profit institutions, which are vital to the Massachusetts economy in terms of attracting people to the Commonwealth. One of our goals for FY '95 was to increase the scope of our financing structures in order to offer low-cost funding opportunities to a broader range of borrowers and projects. We have achieved this through improved access to capital, which you will read more about in the following pages. The three examples below show the flexibility of MIFA financing:

1) Loomis House/Loomis Village, which received \$14.58 million in tax-exempt bonds, was the Commonwealth's first full-service continuing care retirement community (CCRC) to receive an investment grade rating from Standard & Poor's Corporation. The financing was used for a variety of expansion projects (See page 6).

2) American Holographic, Inc., *an optical component manufacturer, would not have been able to benefit from a \$525,000 loan from Safety Fund National Bank without a \$75,000 guarantee from MIFA* (See page 18).

3) Jewish Vocational Service (JVS) received a \$250,000 direct loan from MIFA. This financing enables JVS to continue its Microenterprise Training and Loan Programs, which train refugees and immigrants of all racial and ethnic backgrounds to become entrepreneurs and provide them with small business loans (See page 16).

### **Investment in Minority Business**

JVS is just one example of MIFA's commitment to minority communities across the Commonwealth. In partnership with a local credit union, MIFA financed the start-up of an Hispanic bakery and pastry shop in inner city Springfield. Meanwhile, in central Massachusetts, Tropical Foods International, Inc. worked with Bank of Boston to obtain nearly

\$1 million, insured in part by a \$64,000 loan guarantee from MIFA. With the funding, the minority-owned Tropical Foods opened a grocery store in downtown Worcester which specializes in Caribbean foods.

### **Financial Highlights — Fiscal Year 1995**

Many of you may not realize this, but with no funding from the Commonwealth for operations, MIFA relies on transaction fees to generate operating revenue needed to pay expenses and to provide loans and guarantees to borrowers. It is for this reason that managing our own expenses is so important. We reduced our FY '95 operating expenses by \$352,280 when compared to FY '94, an 11.85% reduction, with savings in payroll, rent, professional fees and virtually every other category of expense. In addition, we increased the Agency's operating revenue by \$463,696.

We believe that in order to help Massachusetts businesses be competitive, we must set the example and operate like a successful private business. The Agency's FY '95 operations resulted in an excess of operating revenues over expenses of \$813,317. This means that we have grown our financial resources by an amount that will allow us to increase significantly the number of direct loans made to Massachusetts companies in FY '96.

### MIFA Operations Summary

	FY '95 Actual	FY '94 Actual	Variance FY '94/FY '95	Percent Change
Operating Revenue	\$3,432,623	\$2,968,927	\$463,696	15.62%
Operating Expenses	2,619,306	2,971,586	(352,280)	11.85%
Operating Revenue Over Expenses	813,317	(2,659)	815,976	306.87%

### New Developments and Changes

This past year was one of change and development. A priority for the Agency was to set in motion a long-term strategy for the marketing and development of MIFA's products. Through market research, strategic planning and close coordination with Massachusetts' economic development offices, that goal is being accomplished.

With the resignation of Burton Harris on June 1, 1995, MIFA's Board of Directors unanimously elected Patricia Gannon Simard as interim executive director.



**Robert L. Beal**  
Chairman of the Board



**Burton M. Harris**  
Executive Director  
February 1994 - June 1995



**Patricia Gannon Simard**  
Executive Director  
Interim

Trish Simard arrives as executive director with six years at the Agency, in-depth finance knowledge and strong management abilities.

### **\$8 Billion, 86,001 Jobs and the Future**

As we surpass the \$8 billion mark for 2,676 financings for over 2,100 borrowers, we also celebrate the creation and retention of 86,001 jobs in MIFA's 17 years of operation. The Agency continues to strive toward serving all clients with individualized attention and creative financing solutions. MIFA's conscientious, diligent and hardworking staff is strongly committed to the Agency's mission of encouraging economic development and job creation in Massachusetts. Working closely with the Weld Administration and the Massachusetts Legislature, MIFA looks forward to new opportunities to support the growth of Massachusetts businesses and institutions.

June 30, 1995

## Bond Financing >

### UNENHANCED PUBLIC OFFERINGS

Enhanced Public Offerings

Tax-exempt Lease/Purchases

Private Placements

Direct Purchases

In a public offering, bonds are sold through an investment banker, or “underwriter”, to the public markets. MIFA bonds most often are purchased by mutual funds or other institutional investors, and in some cases by individuals through retail sales. The term “unenhanced” is used when a company’s bonds sell based solely on its own credit strength and the financial projections for the project being financed.

### Massachusetts Recycling

#### Associates >

#### Fitchburg

To develop the largest waste paper recycling facility in the Northeast, Massachusetts Recycling Associates, L.P. received proceeds from a \$191.5 million tax-exempt bond through MIFA.

The bonds were underwritten by Kidder, Peabody & Co. Incorporated. The 22-year bonds were sold in two series: Series A totaling \$173.5 million, at a 9% fixed interest rate, and Series B bonds totaling \$18 million, at a 12% fixed interest rate.

**Financing Structure:** \$191.5 million tax-exempt bond

**Project:** Construction of paper recycling plant on site of former paper mill; purchase and renovation of Central Steam Plant; purchase of equipment

**Public Purpose Benefit:** 125 new jobs; revitalization of once powerful paper industry in north central Massachusetts



Pictured: Harry Martin, Project Manager,  
Robert Ginnow, Mill Manager,  
Massachusetts Recycling Associates

## Molten Metal Technology ➤

### Fall River

Proceeds from a \$21 million tax-exempt bond for Molten Metal Technology, Inc. enabled the company to make leasehold improvements to its 70,000 square foot facility in Fall River and to purchase and install additional Catalytic Extraction Processing (CEP) related equipment. CEP is an innovative technology that utilizes a molten metal bath at a high temperature as a catalyst to break down the molecular structure of various hazardous and non-hazardous wastes into their elements.

This technology will aid in pollution control by converting elemental constituents of the waste into products for reuse as a raw material. The company's goal is to prevent pollution by installing CEP systems on-site at industrial facilities worldwide.

The 20-year bond was sold at an 8.25% fixed interest rate and underwritten by CS First Boston Corporation.

**Financing Structure:** \$21 million tax-exempt bond

**Project:** Leasehold improvements and purchase of equipment to implement pollution control technology

**Public Purpose Benefit:** 50 new jobs; advancement in the prevention, control and elimination of pollution

## Loomis House/Loomis Village ➤

### Holyoke, South Hadley

To achieve low interest rates on its bond issue, Loomis House/Loomis Village applied for and became the state's first full-service continuing care retirement community (CCRC) to receive an investment grade rating from Standard & Poor's Corporation. The \$14.58 million tax-exempt bond was sold by Herbert J. Sims & Co., Inc. at fixed interest rates up to 7.625% for a 30-year term. The BBB- Standard & Poor's credit rating on the tax-exempt bonds provided Loomis with the opportunity to achieve very low, fixed interest rates on the debt.

Bond proceeds were used to finance the addition of 36 independent living units and 25 assisted living units at Loomis Village in South Hadley. In addition, the bonds funded the renovation and expansion of Loomis House Retirement Community in Holyoke and refinanced conventional debt associated with Loomis House's nursing center.

**Financing Structure:** \$14.58 million tax-exempt 501(c)(3) bond

**Project:** Expansion of elder living facilities; refinancing of prior debt

**Public Purpose Benefit:** 28 new jobs; improved quality of life for elderly

### Typical Financing Schedule

#### Weeks 1-2

**PARTIES**

Borrower, MIFA,  
Underwriter, Bond  
Counsel, Borrower's  
Counsel

**RESPONSIBILITIES**

Hold initial meeting to discuss objectives and financing options. Proceed with MIFA preliminary approval vote.

#### Weeks 3-4

**PARTIES**

All Parties

**RESPONSIBILITIES**

Circulate and review first draft of legal documentation and official statement.

**MIFA**

Solicit bids on borrower's behalf for Trustee bank services.

#### Weeks 5-6

**PARTIES**

All Parties

**MIFA****PARTIES**

MIFA,  
Underwriters

**RESPONSIBILITIES**

Finalize bond documents and revise official statement. Provide finalized documentation to credit enhancer/rating agencies.

**MIFA**

Prepare project for MIFA Board final approval vote. Solicit bids on borrower's behalf to print official statement.

**MIFA,**

Underwriters

**PARTIES**

MIFA,  
Underwriters,  
Borrower

**RESPONSIBILITIES**

Advise borrower on current market conditions, including timing of other bond issues in the market and recommendation for sale date. Price and sell bonds.

#### Weeks 7-8

## Bond Financing >

Unenhanced Public Offerings

### ENHANCED PUBLIC OFFERINGS

Tax-exempt Lease/Purchases

Private Placements

Direct Purchases

Publicly-sold MIFA bonds can be secured by bond insurance or a letter of credit from a banking institution. With this "enhancement", the bonds are attractive to investors and the borrower accesses lower interest rates than it could achieve if entering the market on its own. The borrower pays a fee to the bond insurer or bank for the backing provided on the bond issue.

#### Lesley College >

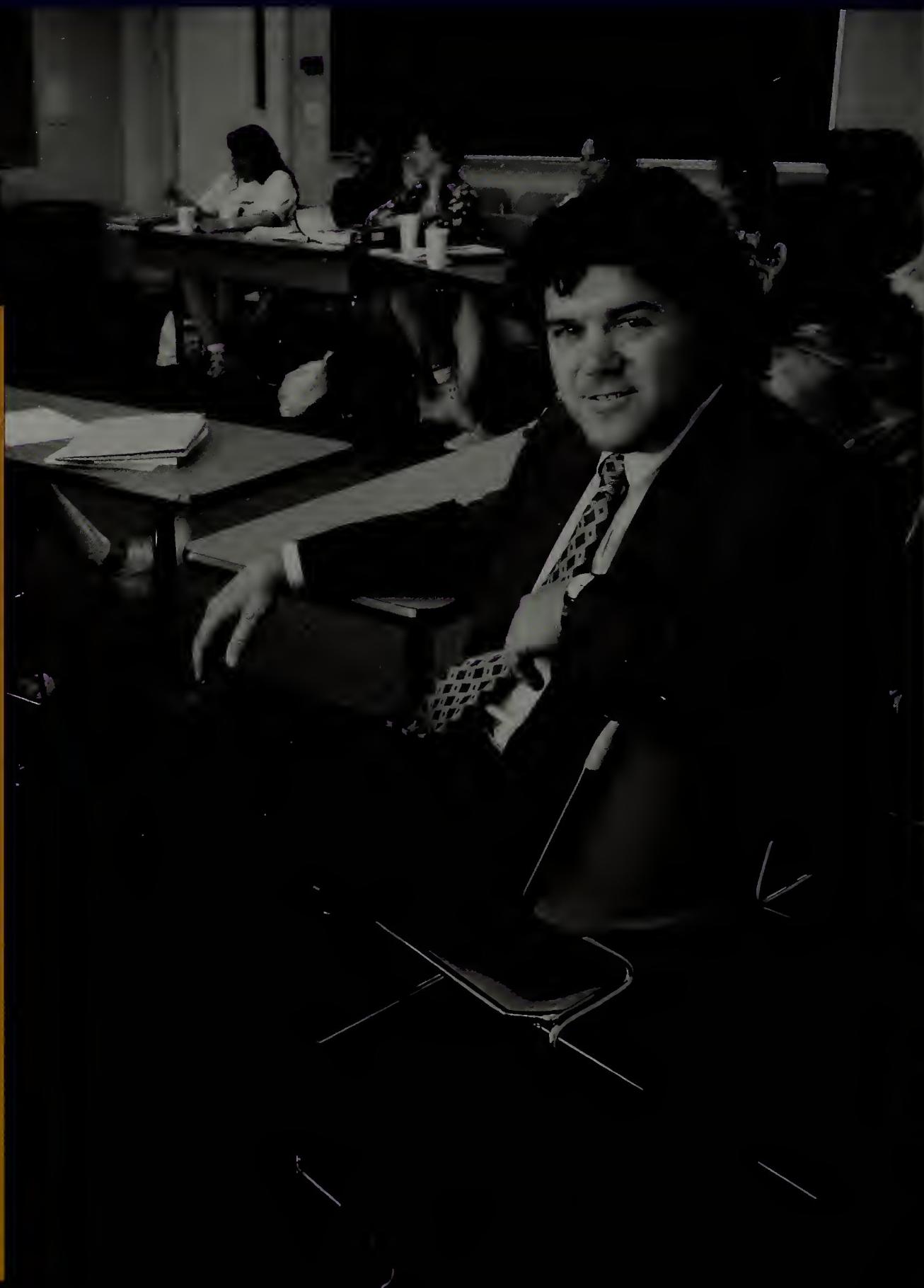
##### *Cambridge*

Lesley College used proceeds from a \$15 million tax-exempt MIFA bond to expand and improve its campus facilities. State Street Bank and Trust Company underwrote the 30-year, fixed rate bonds. The yields on the AAA-rated serial and term bonds ranged from 4.5% to 6.45%. The bond issue was insured by Connie Lee Insurance Company. Lesley College is acclaimed for its programs in education, management and human services.

*Financing Structure:* \$15 million tax-exempt 501(c)(3) bond

*Project:* Acquisition and renovation of the Porter Exchange Building in Porter Square, Cambridge; various campus renovation projects; refinancing \$2.6 million prior debt

*Public Purpose Benefit:* College able to enhance facilities and services offered to its students



*Pictured:* Alan Fein, Vice President for Administration and Finance, Lesley College

## **Mary Ann Morse Nursing Home/Heritage at**

### **Framingham ➤**

#### **Framingham, Natick**

To fund the development of an assisted living/specialty care facility and to refund a prior bond, Mary Ann Morse Nursing Home, Inc. of Natick utilized \$20.9 million in tax-exempt bond financing.

Bond proceeds are financing the \$11.6 million development of a 67,000 square foot assisted living/specialty care facility on 6.7 acres of land in Framingham. The facility, Heritage at Framingham, will include 50 assisted living units and 40 specialty care units. The remaining \$9.3 million refunded a 1991 tax-exempt MIFA bond, which financed the construction of the nursing home in Natick.

A letter of credit from Shawmut Bank, confirmed by ABN•AMRO Bank N.V. (rated AA- by Standard & Poor's Corporation), provided enhancement on the bonds. Cain Brothers & Co., Inc. sold the bonds through a limited public offering. The variable rate bonds initially priced at 3.75% and 3.80% at closing and have terms up to 30 years.

**Financing Structure:** \$11.6 million and \$9.3 million tax-exempt 501(c)(3) bonds

**Project:** Development of a 67,000 square foot assisted living/specialty care facility; refunding of a 1991 tax-exempt MIFA bond

**Public Purpose Benefit:** 60 new jobs; expansion of care and services to frail elderly

## **Foilmark ➤**

### **Newburyport, Norwood**

To consolidate its New York-based manufacturing operations into Massachusetts, Foilmark, Inc. received funding through a \$4.4 million tax-exempt bond. Bond proceeds will be used to purchase production and manufacturing equipment for the company's Newburyport and Norwood sites. Both locations will undergo renovations, including an addition to the existing building in Norwood. The financing also will allow the company to refinance \$700,000 from a 1984 tax-exempt MIFA bond.

As enhancement on the bond, Chemical Bank provided a 10-year, A+/A-1 rated letter of credit. The bond has a seven-day variable interest rate with a 20-year maturity. First Albany Corporation sold the bonds with an initial base rate of 4% at closing.

Foilmark, through its subsidiaries in Newburyport and Norwood, produces metallized, pigmented and holographic hot stamping foils and transfer films and manufactures dies, tooling and hot stamp application machinery for specific foil purposes.

**Financing Structure:** \$4.4 million tax-exempt Industrial Development Bond

**Project:** Purchase of production and manufacturing equipment; renovations to and expansion of existing facilities

**Public Purpose Benefit:** 21 new jobs; consolidation of New York manufacturing operations into Massachusetts

## **Eligible Uses of Tax-Exempt Bond Proceeds**

- Purchase of Land
- Purchase of Buildings
- Purchase of Equipment
- Renovation of Buildings

- Construction of New Buildings
- Refunding Prior Tax-Exempt Bonds
- Refinancing Eligible Bank Debt for 501(c)(3) Institutions

## Bond Financing >

Unenhanced Public Offerings

Enhanced Public Offerings

### TAX-EXEMPT LEASE/PURCHASES

Private Placements

Direct Purchases

MIFA's lease/purchase program enables borrowers to fund equipment purchases through tax-exempt financing. With minimal documentation and an expedited approval process, lease/purchase financing provides a lower-cost, tax-exempt alternative for equipment needs as small as approximately \$300,000. Through the program structure, MIFA leases the equipment and subleases it to the borrower; at the end of the lease term, the borrower owns the equipment.

#### Dataflute CNC >

##### Pittsfield

Dataflute CNC, Inc. received \$694,729 in equipment financing at a five-year, fixed interest rate of 7.35% through Orix Credit Alliance, Inc. The new equipment, state-of-the-art computer controlled tool grinders, will allow the company to reduce production time and create a finer end-product. Founded in 1976, Dataflute is a specialized tool producer.

*Financing Structure:* \$694,729  
tax-exempt lease

*Project:* Purchase of three tool cutting/grinding machines

*Public Purpose Benefit:* 5 new jobs; company able to maintain competitive edge

*Pictured:* David McCulloch, President,  
Dataflute CNC



## Commonwealth Packaging ➤

### Chicopee

Commonwealth Packaging Corporation financed \$750,000 in new equipment at a five-year, below-market fixed interest rate through GE Capital Public Finance, Inc. Commonwealth Packaging will use proceeds of the financing to purchase a Ward Model 15000 two-color flexo/rotary die cutter with associated equipment, an infeed and discharge system and a Greene Line automatic sheet stacker. The new equipment enables Commonwealth Packaging to meet its booming product demand more efficiently and to expand into new markets.

The company, incorporated in 1982, is a designer and manufacturer of corrugated containers and related packaging products. Commonwealth Packaging has grown over the past decade by providing its customers with flexible service and "just-in-time" ordering. This project represents the company's third financing through MIFA.

**Financing Structure:** \$750,000 tax-exempt lease

**Project:** Purchase of a variety of printing and packaging equipment

**Public Purpose Benefit:** 3 new jobs; expansion into new markets

## Quabbin Wire and Cable ➤

### Ware

Quabbin Wire & Cable Company, Inc., of Ware, is financing \$850,000 through MIFA's tax-exempt lease/purchase program. The Company will use the proceeds to purchase new equipment for the production of wiring and cabling for high speed Local Area Network (LAN) Systems. GE Capital Public Finance, Inc. is financing Quabbin's equipment at a below-market, fixed interest rate for seven years. The new equipment will allow Quabbin Wire & Cable to expand by 50% its operations in the LAN product line.

Founded in 1975, Quabbin Wire & Cable manufactures a large variety of low temperature thermoplastic shielded and unshielded electrical cables. The Company services all of the United States through eight stocking facilities, and now services Europe through a new facility in England.

**Financing Structure:** \$850,000 tax-exempt lease

**Project:** Purchase of new equipment for the production of wiring and cabling for high speed Local Area Network Systems.

**Public Purpose Benefit:** 13 new jobs; 50% expansion of LAN product line

## MIFA vs. Conventional Lease Comparison

Total Payout: **\$1,205,072**

Principal: \$1,000,000  
Interest: \$188,072  
Expenses: \$17,000

**\$69,751  
Savings**



MIFA 5-year,  
tax-exempt  
lease at 7%

Total Payout: **\$1,274,823**

Principal: \$1,000,000  
Interest: \$274,823  
Expenses: \$0



Conventional  
5-year, taxable  
lease at 10%

## Bond Financing >

Unenhanced Public Offerings

Enhanced Public Offerings

Tax-exempt Lease/Purchases

### PRIVATE PLACEMENTS

Direct Purchases

Many smaller bond issues, \$6 million and under, often are privately placed with mutual funds or other investors. Working with a placement agent, usually a smaller investment bank, borrowers are able to tell the “story” behind their project to a group of potential investors. This type of bond issue provides the opportunity to work closely with bond purchasers on achieving the desired financing terms and structure. Bonds can be privately placed based on the borrower’s own credit, or with credit enhancement.

### Malden Public Library >

#### *Malden*

To provide the residents of Malden with upgraded facilities and improved access to information, the Malden Public Library is using proceeds from a \$2.63 million tax-exempt bond to make renovations and to construct a 30,090 square foot addition to the Library. The bond was placed by Cowen & Company with bond insurance obtained through Municipal Bond Investors Assurance.

**Financing Structure:** \$2.63 million tax-exempt 501(c)(3) bond

**Project:** Renovation and expansion of Library to allow the original building to be used for special collections and an expanded art gallery

**Public Purpose Benefit:** Improved access to collections; preservation of historic building

*Pictured:* Dina Malgeri, Director, Malden Public Library



## ZBR Limited Partnership/ZBR Publications ➤

### Haverhill

With a \$5.5 million tax-exempt bond, ZBR Limited Partnership/ZBR Publications, Inc. is purchasing 13.75 acres of land; purchasing and renovating a 160,000 square foot building in Haverhill; and purchasing new production equipment, including a CD-ROM replication line. This project not only gives life to a vacant building, but also creates the need for nearly 250 new jobs over the next three years.

The new facility will allow ZBR to consolidate its five plants into one new location for more efficient operations, a step that is critical to the continued growth of the software manufacturing services company.

Fleet National Bank privately placed the seven-day, variable-rate bonds at an initial base rate of 4.1%. The bonds were enhanced by an A-rated letter of credit issued by Fleet Bank of Massachusetts. There is a 20-year term on the real estate portion of the bonds and a seven-year term on the equipment portion.

**Financing Structure:** \$5.5 million tax-exempt Industrial Development Bond

**Project:** Purchase of land, equipment and building; renovation of building

**Public Purpose Benefit:** 243 new jobs over three years; revitalization of vacant property

## Dunsirn Industries ➤

### Chicopee

Dunsirn Industries, Inc., a Wisconsin-based company, is expanding its manufacturing operations into Massachusetts with the help of a \$4.3 million tax-exempt bond.

Bond proceeds are being used to purchase and install manufacturing equipment at the company's newly built 81,000 square foot plant in Chicopee's Westover Industrial Airpark. The development of the Airpark is part of a private/public sector initiative to help revitalize the economy of western Massachusetts.

Bank One, Columbus, N.A. privately placed the seven-day, variable-rate, 10-year bond at an initial coupon rate of 4.4%. The bond was enhanced by a Aa-rated letter of credit issued by Bank One.

Established in 1987, Dunsirn provides roll slitting, rewinding and distribution services to producers of paper, flexible film and pressure-sensitive materials. The company also provides clients with custom cut-to-size rolls of paper and film.

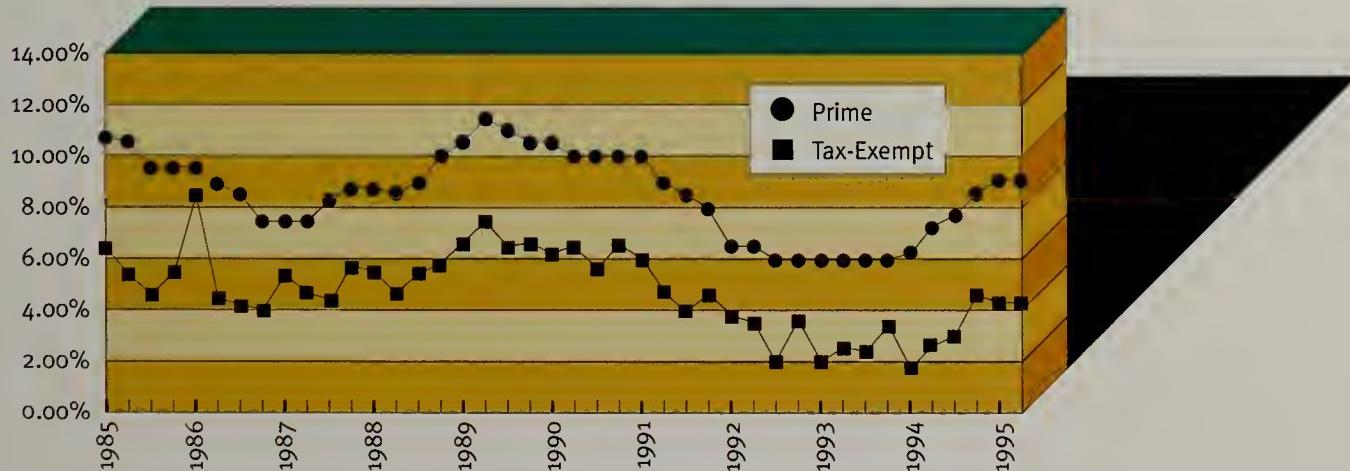
**Financing Structure:** \$4.3 million tax-exempt Industrial Development Bond

**Project:** Purchase and installation of manufacturing equipment

**Public Purpose Benefit:** 45 new jobs; expansion of out-of-state company into Massachusetts

## Tax-Exempt vs. Prime Interest Rate Comparison 1985 - 1995

Tax-exempt bonds provide borrowers with significantly lower interest rates. Typically, as interest rates rise, borrowers of tax-exempt debt can expect to realize greater savings.



**Prime Rate:** The base rate on corporate loans posted by 75% of the nation's 30 largest banks

**Tax-Exempt Rate:** Kenny 30-day index/High grade - An index of 34 municipal notes rated "VMIG 1" from Moody's Investors Service

**Source:** Tucker Anthony Incorporated

## Bond Financing >

Unenhanced Public Offerings

Enhanced Public Offerings

Tax-exempt Lease/Purchases

Private Placements

DIRECT PURCHASES

It often is beneficial for borrowers to go directly to capital sources to sell their bonds. MIFA has opened up this option by identifying routes to a variety of private investors with an appetite to purchase tax-exempt bonds. Direct purchases are efficient in terms of both time and costs because the process and parties are limited. This means easier access to tax-exempt capital for borrowers.

### Insco Corporation >

#### *Groton*

With proceeds from a \$3.528 million tax-exempt bond, Insco Corporation financed the construction of an addition to its manufacturing facility and purchased new equipment. Shawmut Bank, N.A. directly purchased the bond with a 20-year term and fixed interest rates of 5.9% for equipment and 5.6% for real estate.

The company designs and manufactures custom gears, speed reducers and geared assemblies for a variety of industries including: automotive, robotics, medical, computer and printing.

**Financing Structure:** \$3.528 million tax-exempt Industrial Development Bond

**Project:** Construction of a 35,000 square foot addition and purchase of new equipment

**Public Purpose Benefit:** 20 new jobs; consolidation of New Hampshire manufacturing operations into Massachusetts



*Pictured:* Richard Ferry, Inspector,  
Insco Corporation

## Clark University >

### Worcester

With proceeds from a \$5.1 million tax-exempt bond, Clark University is financing a major renovation project and expanding its athletic facility to enhance its existing 45-acre campus.

Bond proceeds are being used to renovate four of Clark's existing residence halls; to acquire and renovate real estate, including the former Downing Street School; and to expand Clark's athletic center in order to add a fitness facility.

The 10-year, variable-rate bond was sold directly to the Student Loan Marketing Association (Sallie Mae) at an initial coupon rate of 4.33%. The direct purchase by Sallie Mae marks the third time that MIFA issued debt on behalf of Clark; the prior bonds also were purchased by Sallie Mae.

**Financing Structure:** \$5.1 million tax-exempt 501(c)(3) bond

**Project:** Renovation of four residence halls; acquisition and renovation of real estate; expansion of athletic center

**Public Purpose Benefit:** Improvements enhance urban community and enable University to attract students in today's competitive environment

## Rice Eventide Home >

### Quincy

The William B. Rice Eventide Home used proceeds from a \$4.1 million tax-exempt bond to refinance a conventional bank loan, which funded a substantial renovation of the facility including the addition of six resident rooms, a physical therapy room, community living and dining spaces and administrative offices.

The project will enable Rice Eventide Home to offer improved skilled nursing care to its residents.

The 10-year bond was purchased directly by Brown Brothers Harriman & Co.; Rice Eventide Home pays a fixed interest rate of 7.66%. By refinancing, Rice Eventide Home was able to achieve a lower interest rate with a longer maturity. The streamlined purchase by Brown Brothers offered the borrower the benefits of both low issuance costs and better financing terms.

**Financing Structure:** \$4.1 million tax-exempt 501(c)(3) bond

**Project:** Refinancing bank debt that funded renovation of nursing facility

**Public Purpose Benefit:** 5 new jobs; offers improved facilities and services to nursing home residents

#### BORROWER

- Reviews recommendations on structure, timing and marketing (with advice from other parties)
- Provides information to other parties for structuring and marketing

#### BORROWER'S COUNSEL

- Advises borrower on risks, structure and other legal matters
- Represents borrower's interests in the process of preparing documents

#### ISSUER (MIFA)

- Provides borrower access to tax-exempt market
- Advises borrower on structure, timing and marketing
- Designates most parties to the transaction in consultation with the borrower
- Conducts preliminary eligibility and financial reviews of the project for financing

### Responsibilities of Parties to the Financing

#### TRUSTEE

- Administers (receives, holds and disburses) funds for payment of debt service
- Retains counsel to represent Trustee's interest in documents

#### BOND COUNSEL

- Represents potential bondholders in process of drafting documents and structuring the transaction
- Delivers opinion that interest income on the bond is exempt from federal and state taxes
- Acting as issuer counsel as well, advises MIFA on its risks and obligations

#### BOND PURCHASERS (i.e., BANKS, FUNDS)

- Evaluate credit of the borrower
- Request specific language in documents, sometimes through outside counsel
- Negotiate terms and buy tax-exempt securities

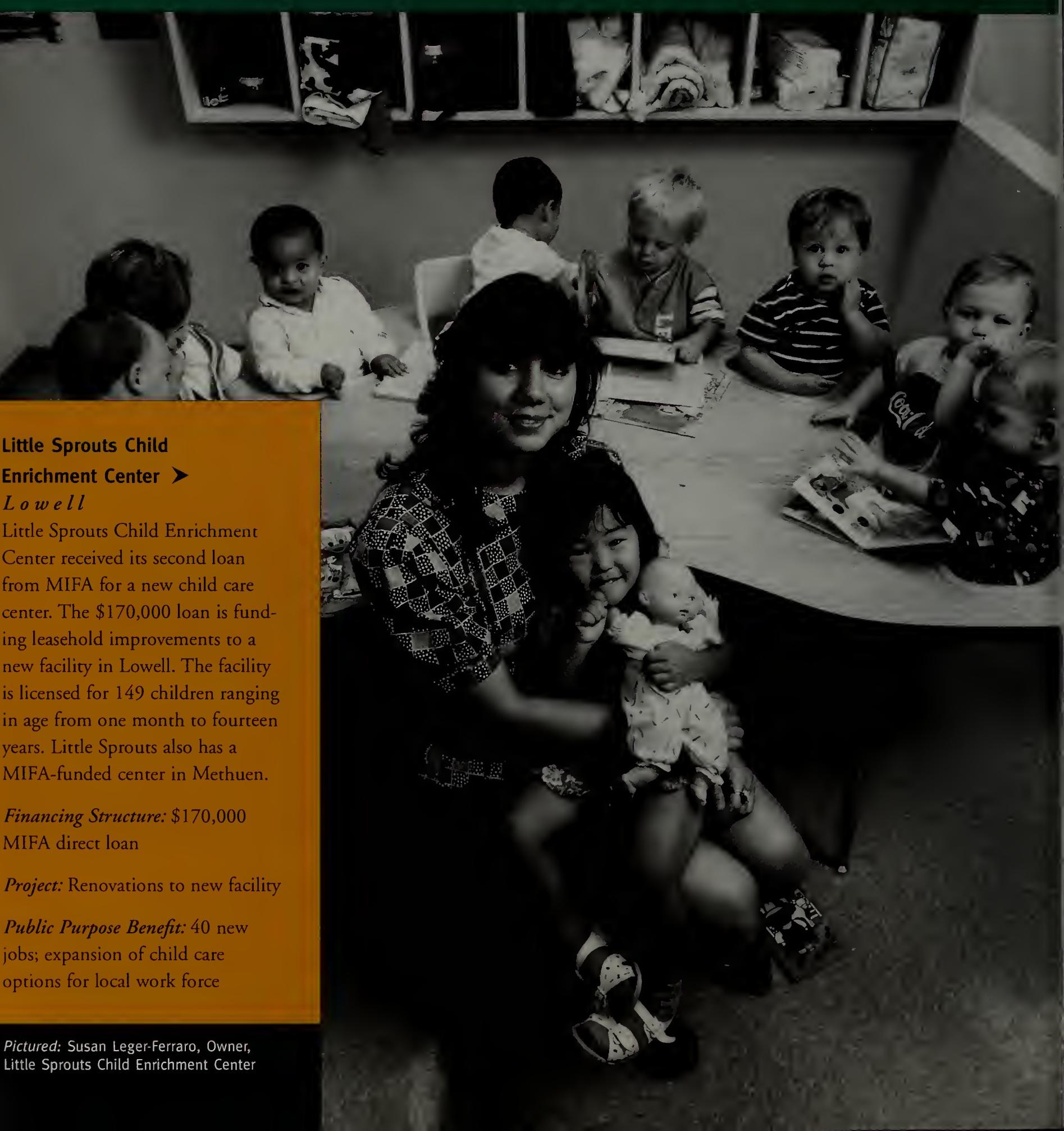
## Loans & Loan Guarantees



### DIRECT LOANS

#### Loan Guarantees

MIFA can bolster economic development by using its own financial resources to fund individual projects. With a flexible approach to structuring and eligibility, the Agency offers direct loans to borrowers whose projects have a strong public purpose and will enhance the local community. Loans range from \$50,000 to \$500,000, however, larger financings are possible where there is a significant economic development impact. Loans are made with terms up to five years.



#### Little Sprouts Child Enrichment Center ➤ *Lowell*

Little Sprouts Child Enrichment Center received its second loan from MIFA for a new child care center. The \$170,000 loan is funding leasehold improvements to a new facility in Lowell. The facility is licensed for 149 children ranging in age from one month to fourteen years. Little Sprouts also has a MIFA-funded center in Methuen.

**Financing Structure:** \$170,000  
MIFA direct loan

**Project:** Renovations to new facility

**Public Purpose Benefit:** 40 new jobs; expansion of child care options for local work force

*Pictured: Susan Leger-Ferraro, Owner,  
Little Sprouts Child Enrichment Center*

## **Peabody Monofill Associates >**

### *Peabody*

Before a \$12 million tax-exempt bond was issued for Peabody Monofill Associates, Inc. (PMA), MIFA made a \$3.8 million bridge loan that allowed PMA to exercise its option to purchase its monofill site by a pre-set deadline.

Without the \$3.8 million loan from MIFA, the project would not have happened when it needed to. The loan was paid back, approximately two and a half months later, with proceeds from the bond issue.

The facility will handle the waste needs of 23 municipalities in northeastern Massachusetts. Without PMA, the ash would have to be shipped to another part of the state, or possibly out of state — both expensive and short term solutions. The new monofill will provide a local, cost-efficient means of ash disposal. Once completed, the landfill will have a capacity of two million tons of ash.

**Financing Structure:** \$3.8 million MIFA direct loan to bridge financing gap until tax-exempt bond was issued

**Project:** Purchase of land for ash monofill

**Public Purpose Benefit:** Long-term solution for ash disposal

## **Jewish Vocational Service >**

### *Boston*

MIFA has committed \$250,000 to Jewish Vocational Service (JVS) for its Microenterprise Training and Loan Programs for the next two years. MIFA's investment comes toward the end of a three-year JVS demonstration project that trains refugees to become entrepreneurs and provides them with small business loans.

The financing will expand greatly the not-for-profit, nonsectarian agency's capacity to help refugees and immigrants start up small businesses and put existing businesses on sound footing. JVS will be responsible for the underwriting, administration, collection and support services currently offered under the program.

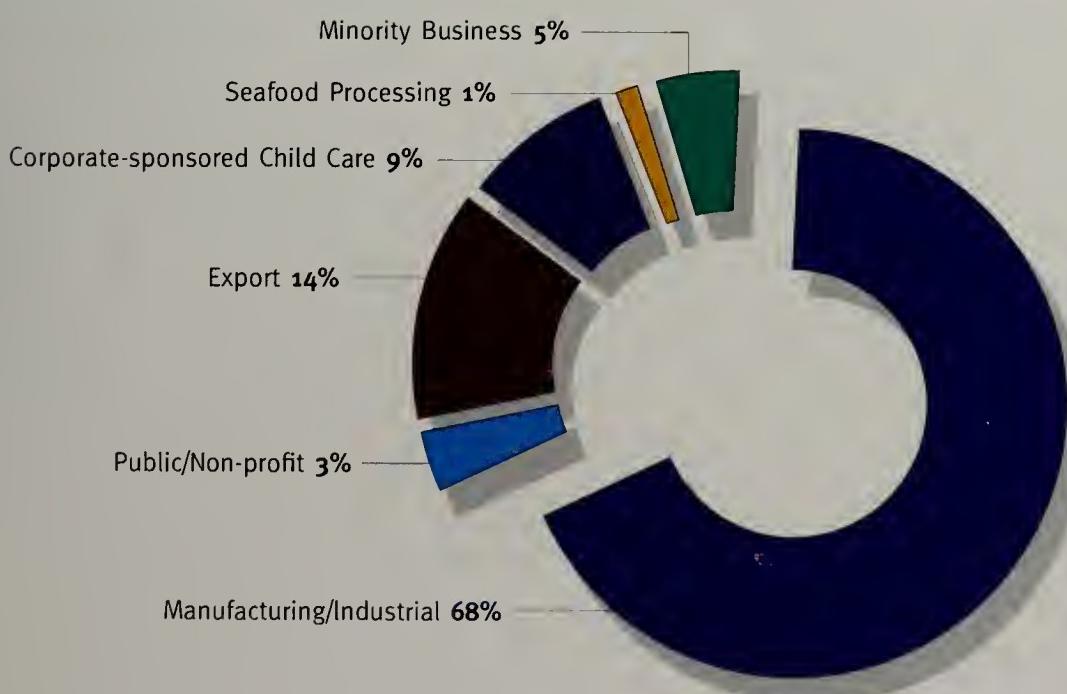
The program is one of 12 in the nation and has led to the creation of over 70 new jobs in Greater Boston neighborhoods. The JVS microenterprise model integrates training in small business development with microloans of up to \$10,000 for qualified applicants, and emphasizes one-on-one assistance for fledgling entrepreneurs.

**Financing Structure:** \$250,000 MIFA direct loan

**Project:** Funding of training and loan programs for refugees and immigrants

**Public Purpose Benefit:** Provides tools for the economic self-sufficiency of Massachusetts' new residents

## **MIFA's Loan and Guarantee Portfolio Outstanding as of 6/30/95**



**PORTFOLIO HISTORY**  
Total MIFA Loan and  
Guarantee Funds  
Committed to Projects  
FY '79-FY '95:  
**\$102 million**

## Loans & Loan Guarantees



Direct Loans

### LOAN GUARANTEES

An important function for MIFA is encouraging private sector investment in Massachusetts. By guaranteeing a portion of a bank loan or bond issue, MIFA can help a project become a reality. Loan guarantees traditionally secure a portion of a larger project and support economic development through diverse industries from exporting and manufacturing to education and cultural services.



#### Norstar Foods ➤

##### New Bedford

Norstar Foods, Inc. received a \$500,000 line of credit from Bank of Boston, insured by a \$350,000 loan guarantee from MIFA. Norstar processes and sells underutilized species of fish, mostly skate and monkfish.

Sixty percent of Norstar's sales are direct exports to Japan, France and Switzerland; another 30% of its sales are to domestic brokers who, in turn, sell the products overseas.

**Financing Structure:** \$350,000 MIFA loan guarantee on a \$500,000 line of credit from Bank of Boston

**Project:** Increase in bank line of credit to support growing sales

**Public Purpose Benefit:** 15 new jobs; growth of business in Economic Target Area

*Pictured: Maximo Morales, José Frias, Packers, Norstar Foods*

## Riverstreet Development/American

### Holographic >

#### Fitchburg

With a \$75,000 loan guarantee from MIFA, American Holographic, Inc.'s affiliate, Riverstreet Development Corporation, obtained a \$525,000 loan from Safety Fund National Bank of Fitchburg. Riverstreet used the bank loan to move American Holographic from cramped quarters into an 18,000 square foot building. At its new site, American Holographic will be able to meet the increasing demand for its current products and to expand into new product lines.

Founded in 1976, American Holographic designs and manufactures optical components that are used in the following markets: clinical diagnostics, color measurement, analytical chemistry and fiber optic communications. The company currently is forming two new product divisions: optical components and optical sensors.

**Financing Structure:** \$75,000 MIFA loan guarantee on a \$525,000 loan from Safety Fund National Bank

**Project:** Purchase of an 18,000 square foot building

**Public Purpose Benefit:** 5 new jobs; expansion of optical product lines

## Arthur Blank & Company >

### Boston

To facilitate a tax-exempt lease/purchase transaction for Arthur Blank & Company, Inc., MIFA provided a \$415,781 loan guarantee on financing from Orix Credit Alliance, Inc., a leasing entity. The guarantee was necessary in order to secure payment of two final deposits on equipment.

With the guarantee in place, \$1.2 million in lease proceeds were used to purchase five pieces of new equipment and to finance installation and shipping costs. The equipment was financed at a five-year, fixed interest rate of 7.5%.

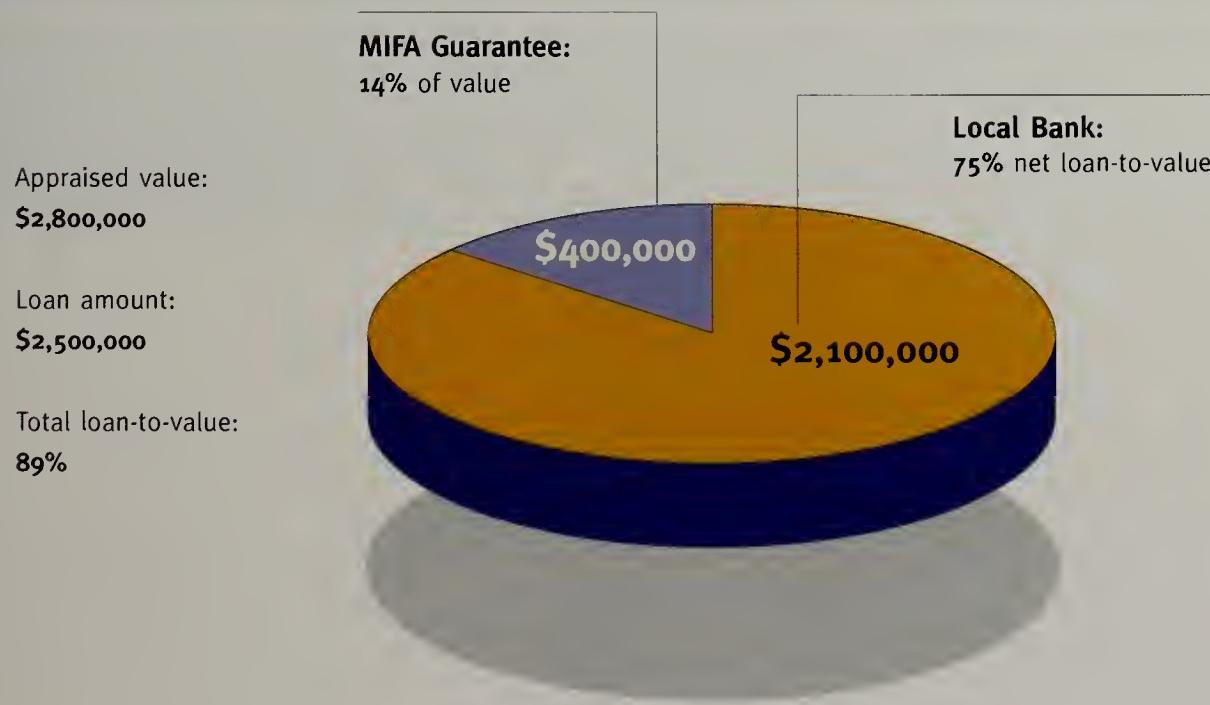
Established by the Blank family in 1934, the Company is a custom printer, converter and fabricator of flat plastic. Specific products include private label credit cards; telephone calling cards; employee name badges and key tags; and membership and I.D. cards.

**Financing Structure:** \$415,781 MIFA loan guarantee on a \$1.2 million lease financing from Orix Credit Alliance, Inc.

**Project:** Purchase of five pieces of new printing-related equipment

**Public Purpose Benefit:** Supports 160 jobs in Boston; enables Company to maintain market share and remain competitive

## Loan Guarantee Example



## The Staff of MIFA >



Megan Sansons



Eva Thomson



Dave Slatery



Debbie Pennick



Dottie Brauneis



Sandy Dwinell



Sidra Cunningham



Suzanne Biemiller



Sheila Parker

“ This year, Commonwealth Packaging completed its third financing through MIFA — we want to thank MIFA staff for the vital role they've played in helping us expand. ”

— JOSEPH V. GOSSELIN JR.,  
PRESIDENT,  
COMMONWEALTH PACKAGING  
CORPORATION

**“** MIFA financing is enabling Loomis House/Loomis Village to expand services and housing opportunities for the elderly. This was our first bond issue with MIFA — the staff did a great job helping us through the process and making the deal happen. **”**

— CAROL KATZ, CHIEF EXECUTIVE OFFICER,  
LOOMIS HOUSE/LOOMIS VILLAGE

# FY '95 Project Listing

## MIFA's Financing Record: FY '95

Type	Projects	Amount	Jobs Created
Tax-exempt Industrial Development Bonds	22	\$283,202,729	636
Taxable Industrial Development Bonds	1	25,000,000	-
Tax-exempt 501(c)(3) Non-profit Bonds	21	177,424,200	239
Total:	44	\$485,626,929	875
Direct Loans and Loan Guarantees	8	\$4,833,100	332
Massachusetts Export Finance Guarantee Fund	5	1,260,000	52
Advisory Services and Thrift Fund Projects	8	5,277,333	401
<b>Agency Total:</b>	<b>65</b>	<b>\$496,997,362</b>	<b>1,660</b>

## MIFA's Portfolio: FY '79-FY '95

Type	Projects	Amount	Jobs Created
Industrial/Manufacturing	1,798	\$2,684,689,489	69,960
Health Care Institutions	83	989,812,470	4,939
Educational Institutions	122	1,041,354,680	1,659
Research and Development	60	385,220,950	7,096
Commercial Revitalization	340	635,246,320	-
Environmental	60	2,220,740,000	1,409
Municipal	2	144,350,000	-
Other Financing Programs*	211	113,239,674	938
<b>Agency Total:</b>	<b>2,676</b>	<b>\$8,214,653,583</b>	<b>86,001</b>

\* Includes Direct Loans, Loan Guarantees, Advisory Services and Thrift Fund Projects

## Bond Financing

### Tax-exempt and Taxable Industrial Development Bonds

Company	Location	Bond Amount	Board Approval	Tax-exempt or Taxable	Jobs Created
Foilmark, Inc.	Newburyport/Norwood	\$4,400,000	06/95	T-E	21
Insco Corporation	Groton	3,528,000	06/95	T-E	20
Beverly Enterprises - Massachusetts, Inc.	25 locations	25,000,000	06/95	T	-
CDF Corporation†	Plymouth	450,000	05/95	T-E	6
Riverdale Mills Corporation	Northbridge	8,500,000	05/95	T-E	9
Quabbin Wire & Cable Company, Inc.†	Ware	850,000	05/95	T-E	13
Dunsirn Industries, Inc.	Chicopee	4,300,000	04/95	T-E	45
LaVigne Press, Inc.	Worcester IDFA	2,100,000	04/95	T-E	15
Cambridge Isotope Laboratories, Inc.	Andover	4,000,000	04/95	T-E	8
Arthur Blank & Company, Inc.†	Boston	1,200,000	03/95	T-E	-
Litecontrol Corporation	Hanson/Plympton	2,400,000	03/95	T-E	20
ZBR Limited Partnership/ZBR Publications, Inc.	Haverhill	5,500,000	03/95	T-E	243
Commonwealth Packaging Corporation†	Chicopee	750,000	01/95	T-E	3
The Baker Manufacturing Company, Inc.†	New Bedford	1,200,000	12/94	T-E	12
Nimrod Press, Inc.†	Westwood	2,800,000	12/94	T-E	18
Nova Realty Associates/Nova Biomedical Corporation*	Waltham	5,900,000	11/94	T-E	-
Kenwood Partners, L.P./Franklin Recycling Project	Franklin	1,900,000	11/94	T-E	-
Dataflute CNC, Inc.†	Pittsfield	694,729	10/94	T-E	5
Peabody Monofill Associates, Inc.	Peabody	12,000,000	09/94	T-E	8
First Healthcare Corporation*	Dennis	5,080,000	09/94	T-E	-
Bicknell & Fuller Paper Box Company†	Haverhill/Peabody/Woburn	3,150,000	08/94	T-E	15
Massachusetts Recycling Associates, L.P.	Fitchburg	191,500,000	06/94**	T-E	125
Molten Metal Technology, Inc.	Fall River	21,000,000	06/94**	T-E	50
<b>Total: 23 Projects</b>		<b>\$308,202,729</b>			<b>636</b>

† Lease/Purchase Program \* Bond Refunding \*\* Revenue reflected in FY'95

### Tax-exempt 501(c)(3) Non-profit Bonds

Institution	Location	Bond Amount	Board Approval	Jobs Created
Whitehead Institute for Biomedical Research	Cambridge	\$13,000,000	06/95	-
Northfield Mount Hermon School†	Northfield	874,200	06/95	-
Curry College	Milton	650,000	05/95	12
Lesley College	Cambridge	15,000,000	03/95	-
William B. Rice Eventide Home, Inc.	Quincy	4,100,000	03/95	5
The Williston Northampton School	Easthampton	10,000,000	03/95	5
Springhouse, Inc.	Boston IDFA	18,475,000	03/95	48
Babson College	Wellesley	10,935,000	02/95	-
GF/Revere, Inc.	Revere	7,845,000	02/95	-
Loomis House, Inc./Loomis Housing Corporation/Loomis Village, Inc.	Holyoke/South Hadley	14,580,000	02/95	28

Tax-exempt 501(c)(3) Non-profit Bonds continued

Institution	Location	Bond Amount	Board Approval	Jobs Created
Emerson College	Boston	\$8,000,000	01/95	-
Malden Public Library	Malden	2,630,000	12/94	-
Greater Lynn Mental Health & Retardation Association/Greater Lynn Special Needs Housing Corporation, Inc.	Danvers/Lowell/Lynn/Swampscott	4,785,000	11/94	-
Lasell College	Newton	3,115,000	11/94	-
Christopher House, Inc.	Worcester	12,830,000	11/94	5
Mary Ann Morse Nursing Home, Inc.*	Natick	9,300,000	10/94	-
Mary Ann Morse Nursing Home, Inc./Heritage at Framingham	Framingham	11,600,000	10/94	60
Stone Institute & Newton Home for Aged People	Newton	6,165,000	09/94	75
Allen-Chase Foundation d/b/a Eaglebrook School	Upper Falls/Deerfield	3,000,000	08/94	1
Trustees of Clark University	Worcester	5,100,000	07/94	-
Evanswood Bethzatha Corporation*	Kingston	15,440,000	05/94**	-
<b>Total: 21 Projects</b>		<b>\$177,424,200</b>		<b>239</b>

\* Lease/Purchase Program \*\* Bond Refunding \*\* Revenue reflected in FY '95

## Loans and Loan Guarantees

### Direct Loans

Company/Institution	Program	Location	Amount	Board Approval	Jobs Created
Jewish Vocational Service	ED	Boston	\$250,000	06/95	160
Little Sprouts Child Enrichment Center	CC	Lowell	170,000	05/95	40
Armando's Bakery	ED	Springfield	65,000	12/94	7
Peabody Monofill Associates, Inc.	ES	Peabody	3,783,415	10/94	-
City of Chelsea	ES	Chelsea	9,904	04/94**	-
<b>Total: 5 Projects</b>			<b>\$4,278,319</b>		<b>207</b>

(CC) Child Care (ED) Economic Development: Minority Business (ES) Economic Stimulus \*\* Revenue reflected in FY '95

### Loan Guarantees

Company	Program	Location	Amount	Board Approval	Jobs Created
Riverstreet Development Corporation/American Holographic, Inc.	ES	Fitchburg	\$75,000	04/95	5
Arthur Blank & Company, Inc.	ES	Boston	415,781	03/95	-
Tropical Foods International, Inc.	ED	Worcester	64,000	06/94**	120
<b>Total: 3 Projects</b>			<b>\$554,781</b>		<b>125</b>

(ED) Economic Development: Minority Business (ES) Economic Stimulus \*\* Revenue reflected in FY '95

## Massachusetts Export Finance Guarantee Fund

Company	Location	Amount	Board Approval	Jobs Created
SemiTest, Inc.	Billerica	\$210,000	02/95	4
Aurora Technologies, Inc.	Waltham	210,000	01/95	10
Elatec Technology Corporation	Wilmington	140,000	11/94	13
Norstar Foods, Inc.	New Bedford	350,000	11/94	15
Advanced Vacuum Systems, Inc.	Ayer	350,000	10/94	10
<b>Total: 5 Projects</b>		<b>\$1,260,000</b>		<b>52</b>

## Thrift Institutions Fund for Economic Development

Institution	Location	Amount	Thrift Board Approval	Jobs Created/Retained
Cambridge Cable TV	Cambridge	\$300,000	12/94	7
International Gospel Party	Boston	150,000	12/94	2
Montachusett Opportunity Council	Fitchburg	83,000	11/94	12
Vocational Adjustment Center, Inc.	Brighton	702,000	11/94	130
Federated Dorchester Neighborhood House	Boston	750,000	11/94	75
Trout Farm Village/Wareham Community Development Authority	Wareham	153,750	11/94	-
Metrowest YMCA	Framingham	838,583	10/94	175
<b>Total: 7 Projects</b>		<b>\$2,977,333</b>		<b>401</b>

## Advisory Services

Company	Location	Amount	Date	Jobs Created
Tuscarora, Inc.	Holden	\$2,300,000	09/94	-
<b>Total: 1 Project</b>		<b>\$2,300,000</b>		<b>-</b>

## Board of Directors ➤

MIFA is governed by a Board of Directors consisting of nine members, six of whom are from the private sector and are appointed by the Governor, and three of whom are public officials who serve *ex officio*. Board members serve staggered three-year terms. The directors make certain specific findings before approving any bond issued by MIFA or a local industrial development financing authority. Board members serve without compensation.

### **CHAIRMAN**

*Robert L. Beal*  
Partner  
The Beal Companies

*Richard S. Kronish*

Associate Professor  
University of  
Massachusetts, Boston  
Advisor to the Boston

District Council of Carpenters

### **VICE-CHAIRMAN**

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Bank of Boston/First  
Community Bank

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Business Development

As of June 30, 1995

**DESIGN:**  
Philip Johnson Associates, Inc.  
Cambridge, MA

**PHOTOGRAPHY:**  
Len Rubenstein  
North Scituate, MA

**PRINTING:**  
Universal  
Waltham, MA

## **Massachusetts Industrial Finance Agency**

75 Federal Street  
Boston, Massachusetts 02110  
617.451.2477  
617.451.3429 Fax

330 Whitney Avenue, Suite 240  
Holyoke, Massachusetts 01040  
413.534.3444  
413.534.1112 Fax

